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AIG Technical Services, Inc.
Environmental Claims Department
80 Pine Street, Sixth Floor
New York, NY 10005

Certified Mail- Return Receipt Requested
December 3, 1997

Michael David Lichtenstein
Lowenstein, Sandler, Kohl, Fisher & Boylan
65 Livingston Avenue
Roseland, N.J. 07068-1791

RE: Alleged Insureds: The Marmon Group/Marmon Holdings
Golconda Corporation
Group R Co.
Cerro Corporation
Cerro-Marmon
Pritzker Interests
Site: Coeur d'Alene Basin
Location: Coeur d'Alene Basin, Northern Idaho
Company: National Union Fire Insurance Company of Pittsburgh, PA
Alleged Policy Nos: 1224522 (effective 08/31/77-08/31/78)
9602854 (effective 10/01/82-10/01/83)
BE 1339142 (effective 10/01/83-10/01/84)
BE 1339366 (effective 10/01/84-10/01/85)
9605763 (effective 10/01/84-10/01/85)
BE 1319544 (effective 10/01/85-11/01/86)
9608620 (effective 10/01/85-10/01/86)
Company: Granite State Insurance Company
Alleged Policy Nos: 66802359 (effective 12/15/80-02/01/82)
66823215 (effective 02/01/82-10/01/82)
66823775 (effective 10/01/82-10/01/83)
66823774 (effective 10/01/82-10/01/84)
66834169 (effective 10/01/83-10/01/84)
66845266 (effective 10/01/84-10/01/85)
Company: Insurance Company of the State of Pennsylvania.
Alleged Policy No: UXL821241 (effective 10/01/82-10/01/83)
Company: Landmark Insurance Company
Alleged Policy No: FE4002115 (effective 10/01/84-10/01/85)

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Dear Mr. Lichtenstein:

AIG Technical Services, Inc. ("AIGTS"), on behalf of National Union Fire Insurance Company of Pittsburgh, PA ("National Union"), Granite State Insurance Company ("Granite State"), and Insurance Company of the State of Pennsylvania ("ISOP"), previously acknowledged receipt of your notices of claim tendered on behalf of The Marmon Group/Marmon Holdings, Golconda Corporation, Group R Co., Cerro Corporation, Cerro-Marmon, and Pritzker Interests. Please allow this correspondence to supplement our letter dated November 21, 1997 and serve as acknowledgement of your notice of this claim under Landmark Insurance Company ("Landmark") policy number FE 4002115.

In addition, we have not received responses to our previous requests for information dated November 21, 1997. Please provide us with the following information so that we can properly evaluate this claim:

1. A complete and thorough description of the damage at the site.
2. Any and all requests for information (and your responses) from any governmental agency regarding these matters including, but not limited to, notices of potentially responsible party status, demands, or orders from any government agency for investigation or remediation at the site.
3. Copies of all correspondence and documents received by or sent to the insured from any governmental agency and/or plaintiffs concerning the site.
4. An update as to the status of cleanup efforts at the site including reports prepared by environmental consultants or environmental engineers performing remediation at the site. Please include copies of any reports and/or documents regarding any investigation conducted by any party at the site.
5. Information you may possess with respect to damages at the site including invoices supporting costs alleged to have been incurred or costs that will be incurred by the insured. Your response should also include the cost of remediation to date and any estimates with respect to future remedial costs, as well as the insured's liability for damages at the site, if known.
6. Detailed information relating to the status of the legal proceeding relating to the subject claim.
7. A schedule of insurance coverage (both primary and excess) available in this matters and contact for each carrier.

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8. Identify any and all carriers who have been placed on notice of this claim. Please provide policy numbers, policy limits and effective dates of the policies, and the positions, if any, that have been asserted regarding this claim.

9. Any and all information and documentation upon which you are relying on in seeking coverage under these policies for Group R.

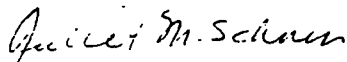
10. Information and documentation you may possess regarding Group R's involvement (and the involvement of its corporate predecessors) with the site, dates of involvement, the operations performed at the site, the substances or materials involved in those operations, and the manner of their disposal.

11. Any other information you believe may assist AIGTS in its handling of this matter.

National Union, Granite State, ISOP, and Landmark submit this letter reserving all rights and defenses in every respect under the terms, provisions, and conditions of the referenced policies and any policies you may identify, as well as all rights and defenses available in equity and law. No action taken by National Union, Granite State, ISOP, and Landmark or anyone acting on their behalf should be construed as an admission of coverage or an admission of liability or as a waiver of any right or defense. Additionally, National Union, Granite State, ISOP, and Landmark reserve the right to supplement this letter with any defenses based upon any policy provisions as additional factual and/or policy information is obtained.

Should you have any questions regarding this matter, please feel free to contact me at (212) 770-1978.

Very truly yours,


Juliet M. Schnur
Home Office Supervisor
Environmental Claims

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